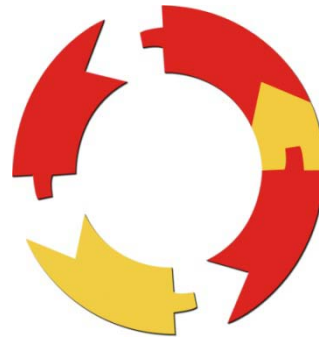


Beyond Housing: Delivering the Promise

*Generating economic success
through mixed income communities*

May 2008



The **Community Builders**, Inc.

The Promise of Mixed Income Communities

- TCB Mission: “Building strong communities where people of all incomes can achieve their full potential”
- Focus on mixed income, larger scale developments creates unique residential platforms for the working poor
- TCB has redesigned its practice to provide structured economic opportunities to community residents
- IDEO and Bridgespan provided the analytic base for the new strategy, called Ways & Means



TCB AT A GLANCE

Founded: 1964

Completed over 22,000 units

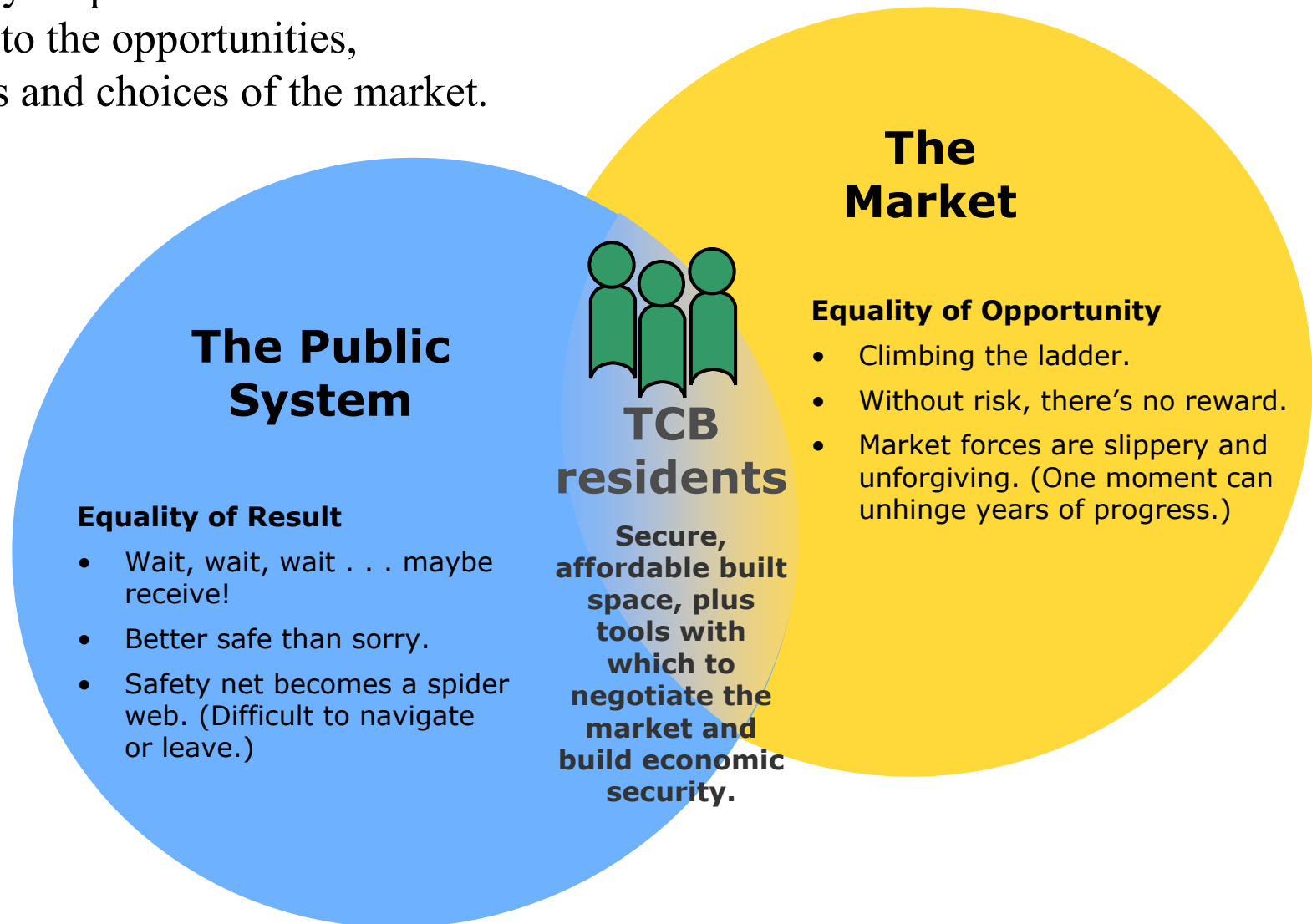
Manages 8,750 units in over 90 communities in 14 states and DC

Leads 15 comprehensive neighborhood revitalization efforts



The Promise of Mixed-Income Communities

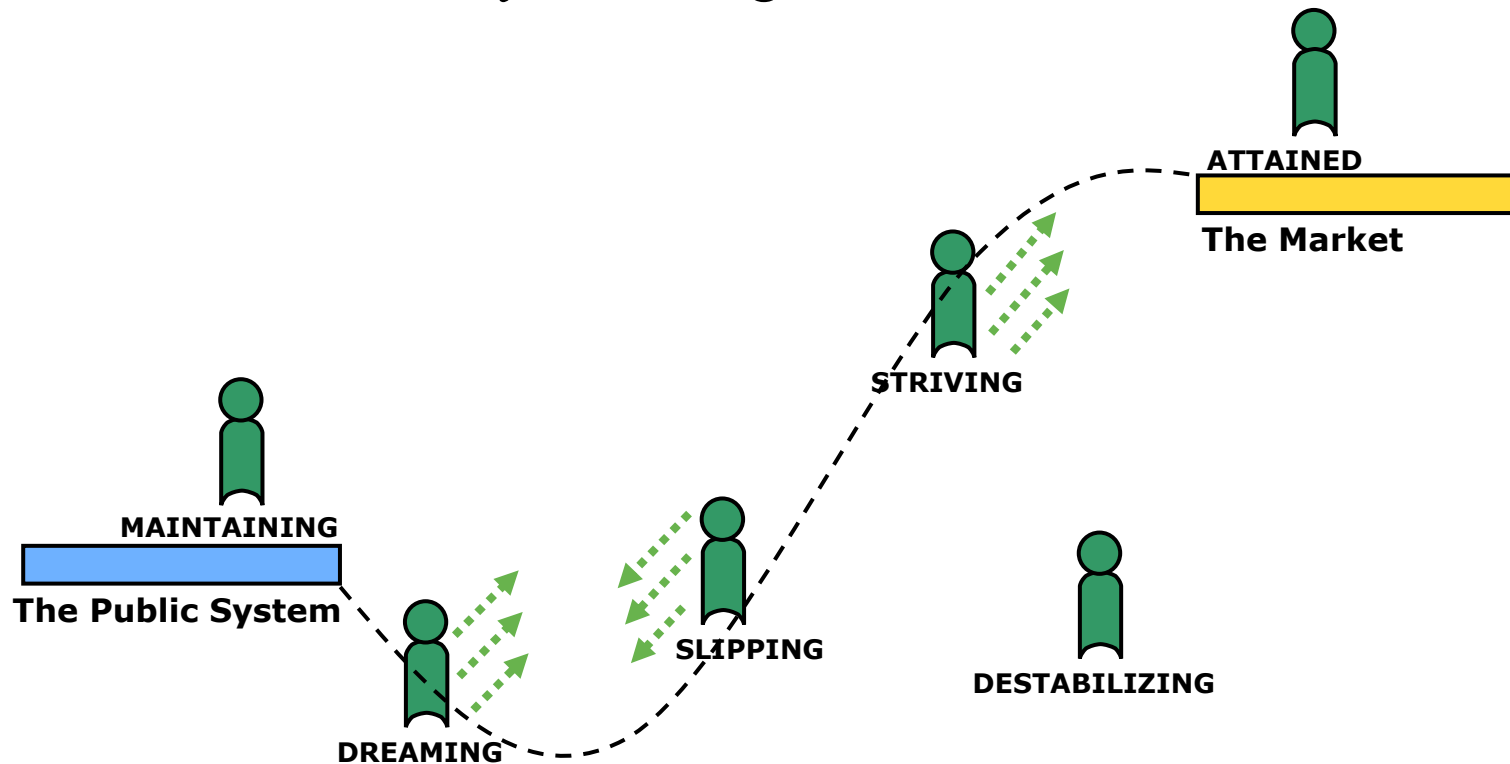
At its best, life in a mixed-income community helps all residents to transition to the opportunities, challenges and choices of the market.



Navigating from Subsidy to Self-Sufficiency

Residents at all income levels share common values & aspirations –
family, financial stability & upward mobility

The tools they need vary based on drive, skill and
ability to manage their future



The Right Time in an Evolving Practice



- Community development field is ready to realize the full potential of a residentially-based platform to help the working poor overcome barriers to success
- Comprehensive neighborhood developments have reached scale and moved away from the old public housing culture, and are ripe for a new model that helps families engage the market economy
- Plumley Village (Worcester, MA), TCB's resident services flagship, teaches us that a systematic program of structured tools and supports can help residents achieve economic security.

Delivering the Promise: *Ways & Means*

- *Ways & Means* is a new model based on the themes of self-help and investment, designed to help residents meet their current challenges and anticipate their future needs.
- A comprehensive, integrated practice will:
 - Provide basic **financial counseling and tools** to build incomes and wealth and make hard work pay
 - Deliver **proven, specific workforce and academic support services** to help residents succeed in their current challenges
 - Develop a broad menu of **networks, connections and referral services** to take advantage of the untapped assets in the community



Goals & Impact

Our Goals

- Participation in career development and asset building will **double residents' real earned income over the next 10 years.**
- Engaging youth in a continuum of age-appropriate programming focused on the critical intervention points, will **halve the high school drop-out rate in 10 years.**

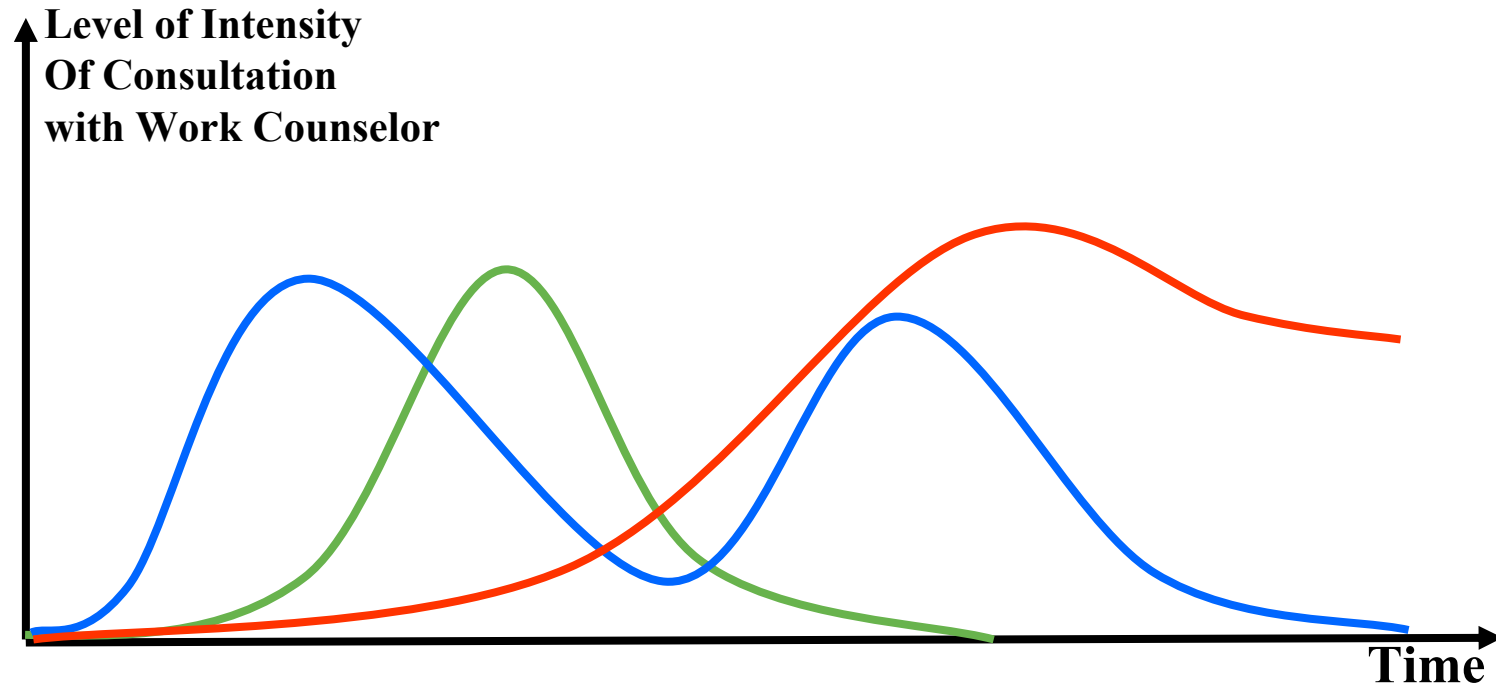
Impact on Residents:

- For **adults**, promote the skills and drive necessary to achieve financial success, including increased savings and reduced debt.
- For **youth**, skills and personal mentoring that lead to academic success.
- For **communities**, the networking infrastructure and social interactions that support individual and family success

Theory of Change

- On the platform of stable, affordable housing, Ways & Means will develop social networks and provide self-help tools so residents gain the skills they need to succeed in today's fluid, market-driven economy.
- Ways & Means will:
 - Create **stability** for families by providing safe and affordable housing and giving residents tools to achieve financial security.
 - Promote **economic and academic goal-setting** and achievement.
 - Maintain a **sustained focus** on the same people over time.
 - Provide **educational and financial self-help tools** which residents can leverage to progress toward their economic goals
 - Establish a **structure for collaboration** and the exchange of talents to generate mutual support.

Meeting the Challenges of Different Trajectories



Maintaining

Engages with career and financial coaches when issues arise

Slipping

Seeks coach and specific help to solve a specific problem

Dreaming

Starts with career planning then engages more with programs to meet new, ongoing challenges

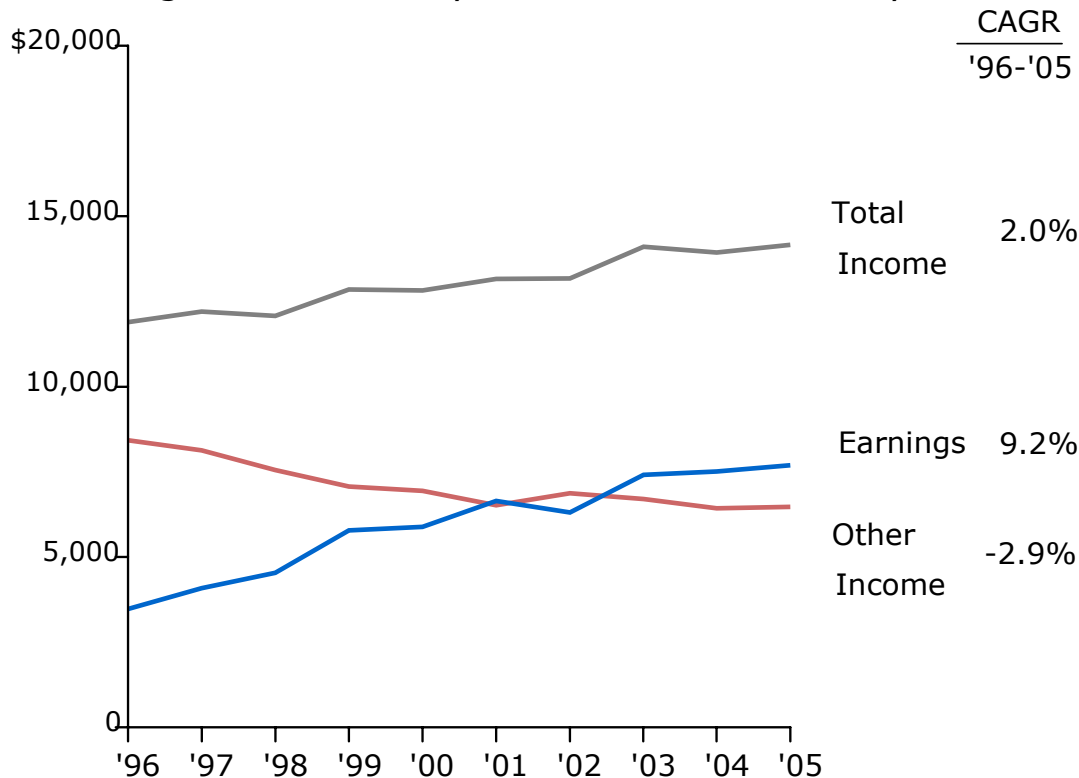
Are Our Goals Realistic?

Earnings: At our Plumley Village community in Worcester, MA, TCB resident services achieved a **121% increase in real earnings** among residents over a 10-year period

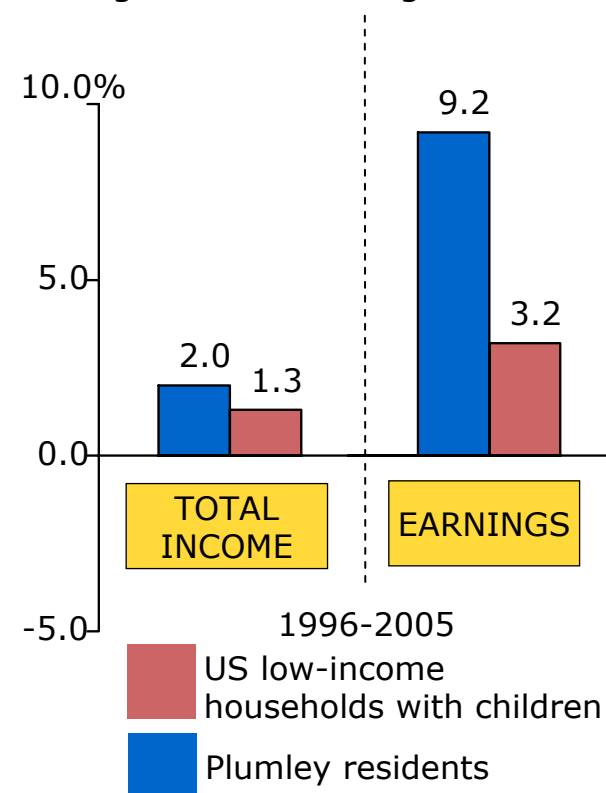
Households at Plumley saw significant growth in real earnings and income from 1996-2005...

... especially when compared to a peer group of low-income households

Average real income by source for 2005 Plumley tenants

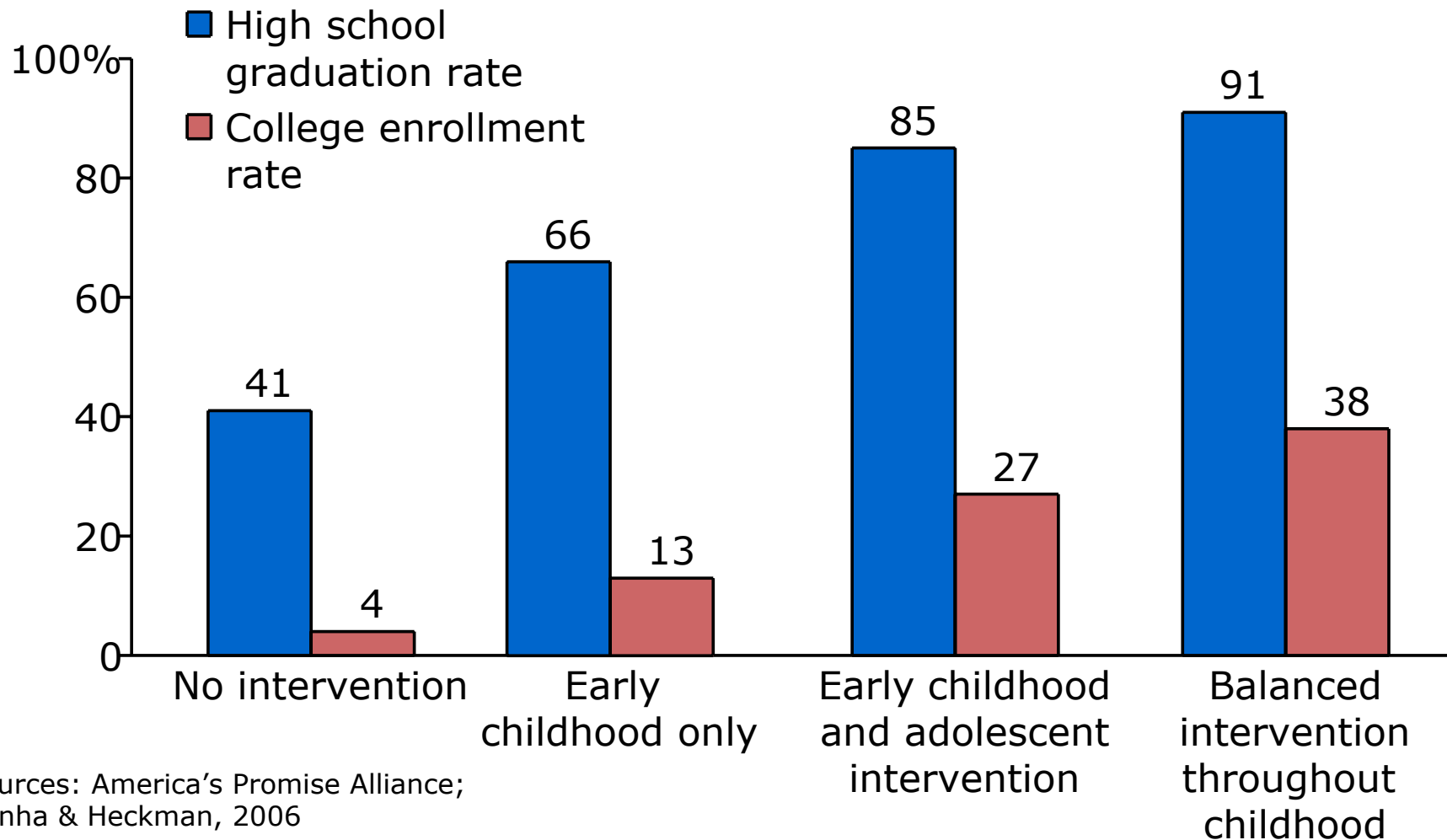


Percentage Annual Average Real Growth



Are Our Goals Realistic?

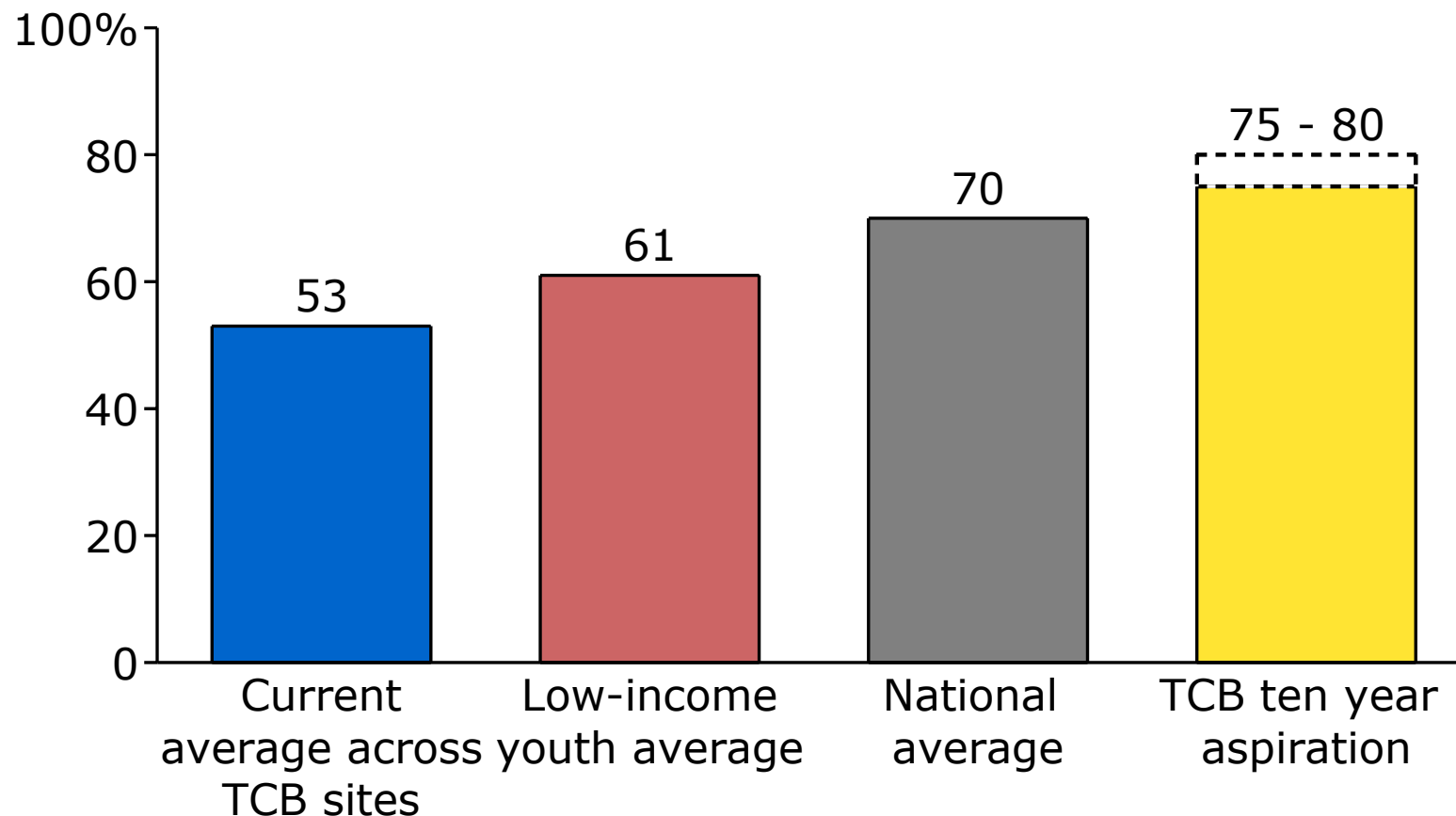
Academic Achievement: Studies have shown that at-risk youth who participate in a continuum of programming focused on key intervention points are more likely to achieve success



Sources: America's Promise Alliance;
Cunha & Heckman, 2006

Halve the High School Dropout Rate by 2018

Halve the High School Dropout Rate – from 47% to 20-25%, through sustained elementary through high school youth development and engagement activities.



Build Social Capital

- **Build Social Capital** through network organizing
- Create the **infrastructure for mutual support** and locally driven community improvement projects
- We anticipate that each community will undertake **2-3 major, multi-year projects**



- Projects will address health, transportation, and public safety issues in residents' communities
- Projects will involve residents working with governments and other public and private service providers
- Working to improve their neighborhoods and help their families, TCB residents will acquire skills that will help them in their professional and academic challenges

Replication and Impact

Planning and Initial Demonstration

- Research by IDEO and Bridgespan
- Hands-on experience with many operating programs at Plumley Village
- Open-source sharing of information regarding practice, methods, outcomes and learnings

Scale up to Multi-Site Level

- Seven TCB communities
- Potential network of 4-6 other leading non-profit affordable housing providers, with components or the entire practice demonstrated at their sites
- Dissemination of learnings from TCB and peer network
- External evaluation

Replication and Roll-out in Other Communities

- Communication of lessons and impact to the field
- Advocacy for others to replicate the practice and for governments to expect comparable impacts as part of their RFP processes

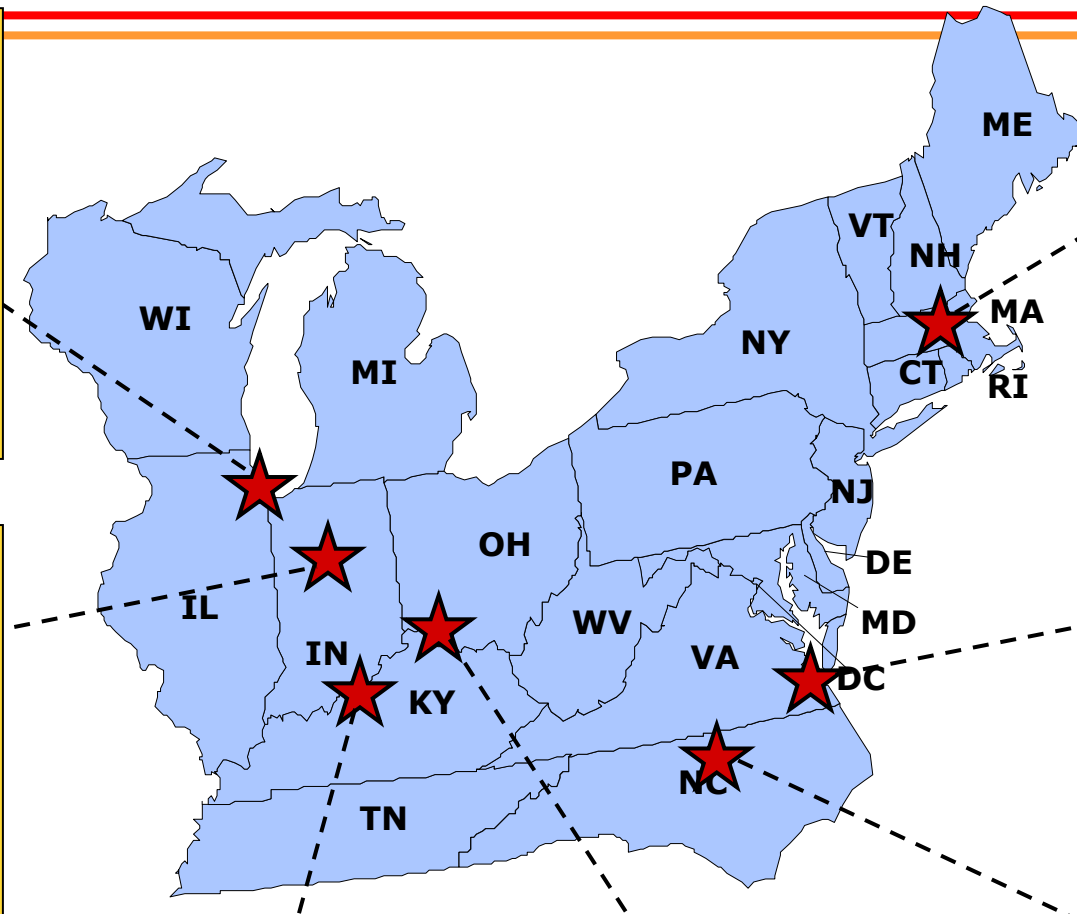
Potential Demonstration Sites

Oakwood Shores

- Chicago, IL
- 65% affordable, 35% market
- 70% rentals, 30% for-sale units
- 355 units today, ~3200 units expected by 2014*

Mill Crossing

- Indianapolis, IN
- 90% affordable, 10% market
- 100% rentals
- 383 units today; fully completed



Plumley Village

- Worcester, MA
- 100% affordable
- 100% rentals
- 430 units today; fully completed

Broad Creek Renaissance

- Norfolk, VA
- 90% affordable, 10% market
- 60% rentals, 40% for-sale units
- 300 units today, ~500 units expected by 2014*

Villages at Park DuValle

- Louisville, KY
- 70% affordable, 30% market
- 55% rentals, 45% for-sale units
- 915 units today, ~960 units expected by 2014*

City West

- Cincinnati, OH
- 60% affordable, 40% market
- 75% rentals, 25% for-sale units
- 723 units today, ~900 units expected by 2014*

East Downtown

- Durham, NC
- 66% affordable, 34% market
- 60% rentals, 40% for-sale units
- 158 units today, ~450 units expected by 2014*

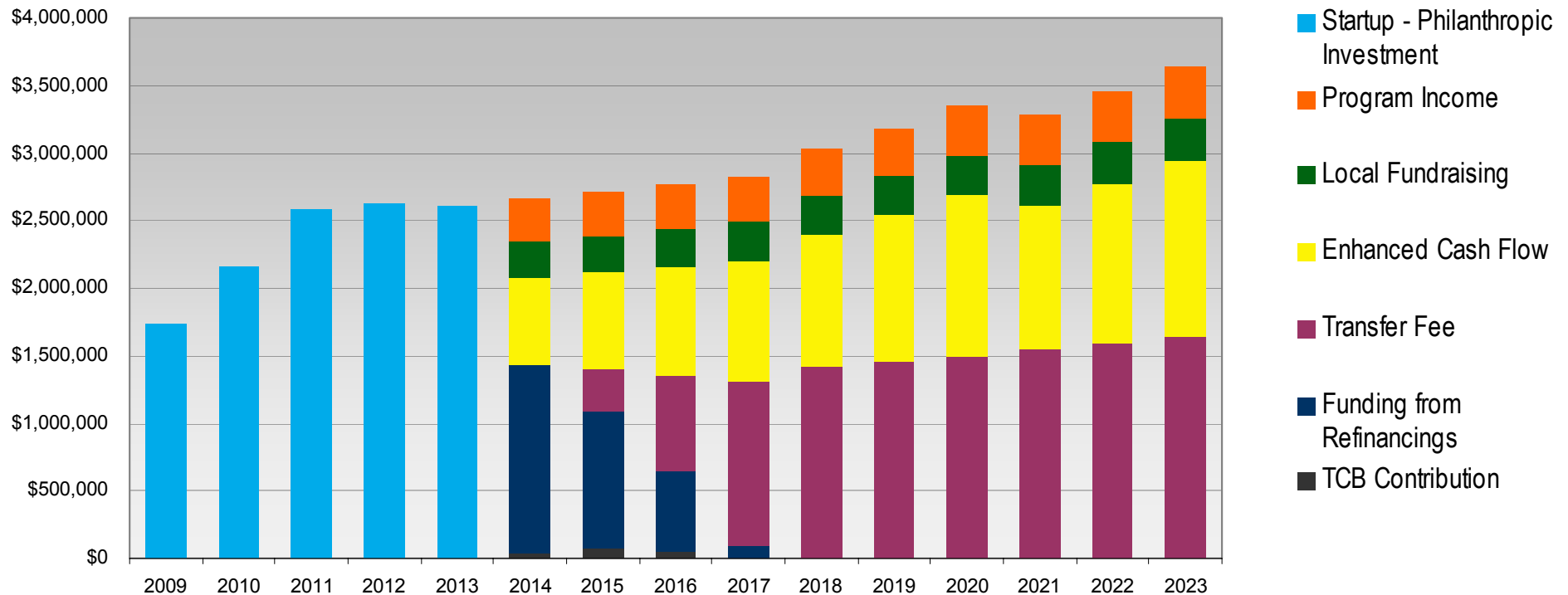
* Not all units cited are being developed by TCB. Expected TCB units by site are as follows: ~783 at Oakwood Shores, 723 at City West, ~400 at East Downtown, 513 at the Villages at Park DuValle, 300 at Broad Creek Renaissance

Supporting Start-up & Implementation

- TCB has **invested over \$1 million in the planning effort**, matched by \$150,000 from each Ford & MacArthur
- Develop philanthropic sources for **initial venture support**
- Initial venture philanthropy will build the case to obtain **local sources of support**
- Initial philanthropic investment will support Ways & Means start-up and 5 years at each site at \$3,500 per unit per year
- TCB has developed **sustainable funding sources** as take-out financing for the venture investments

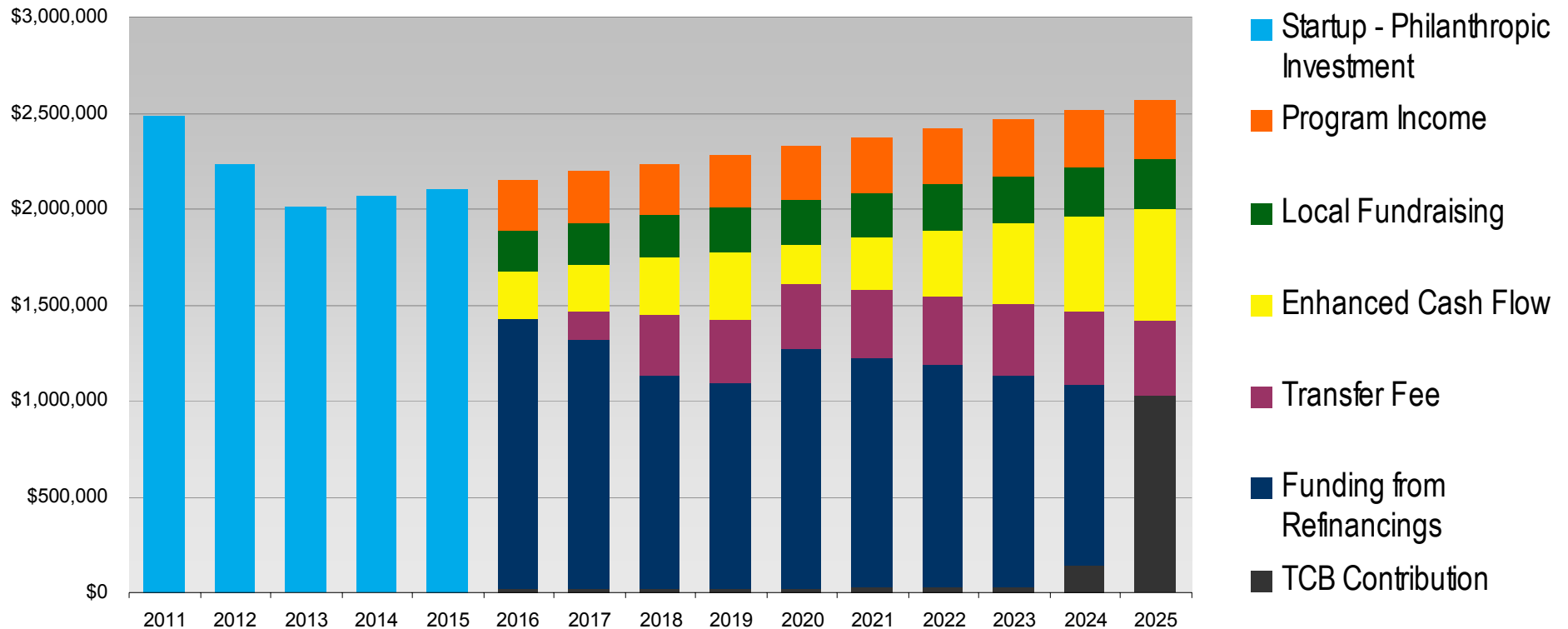


Sustainability Strategy: Oakwood Shores, Chicago



- **Six revenue components for long term sustainability:** Program income, local fundraising, community investments from real estate transfer fees, enhanced cash flow, real estate refinancings, and contributions from TCB
- **Transition from Philanthropic Support to Self-Financing**
- Initial investments will deliver increased amenities, increased incomes for residents, and a more engaged community—leading to **increased property values which can be capitalized to reinvest in Ways & Means**
- At Oakwood Shores, multiple sources provide excess capacity for reinvestment in Ways & Means

Sustainability Strategy: Park DuValle, Louisville



- **Six revenue components for long term sustainability**
- Initial investments will deliver increased amenities, increased incomes for residents, and a more engaged community—leading to **increased property values which can be capitalized to reinvest in Ways & Means**
- **Transition from Philanthropic Support to Self-Financing**
- At Park DuValle restructuring of debt will provide significant reinvestment in Ways & Means
- TCB contribution will be increased as necessary to assure sustainability, as generated across multiple sites

Ways & Means: A New Change Dynamic

- **Housing first** – Stable and affordable housing harnessed to provide a “solid and safe” base on which to build economic security.
- **Financial and market orientation** – provides the missing rungs on the ladder and the tools to negotiate new challenges as families climb into more turbulent “market” environment
- **Affordability** – Long-term sustained approach + “solid and safe” base + ability to leverage housing financing = cost range of \$3500 - 4000 per household per year. This represents “breakthrough economics” for a package of this breadth and depth.
- **Balance between top-down and bottom-up initiatives** – professionally designed and delivered core practice elements combined with an infrastructure for mutual support and cooperative community improvement projects
- **Long-term commitment** – neighborhood change requires a long time horizon and a clear, continuing commitment to both individuals and community as a whole. Plumley experience suggests that multi-year approach works.
- **Financial Sustainability** – establish long-term, sustainable, locally-generated financial sources as take-out funding for initial venture philanthropic support